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EMPLOYMENT SECURITY DIVISION
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DEPARTMENT OF LABOR AND INDUSTRY

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Fred Barrett, Administrator

A Quarterly Review of Employment Service-Unemployment Insurance
Vol. 1, No. 1

March, 1972

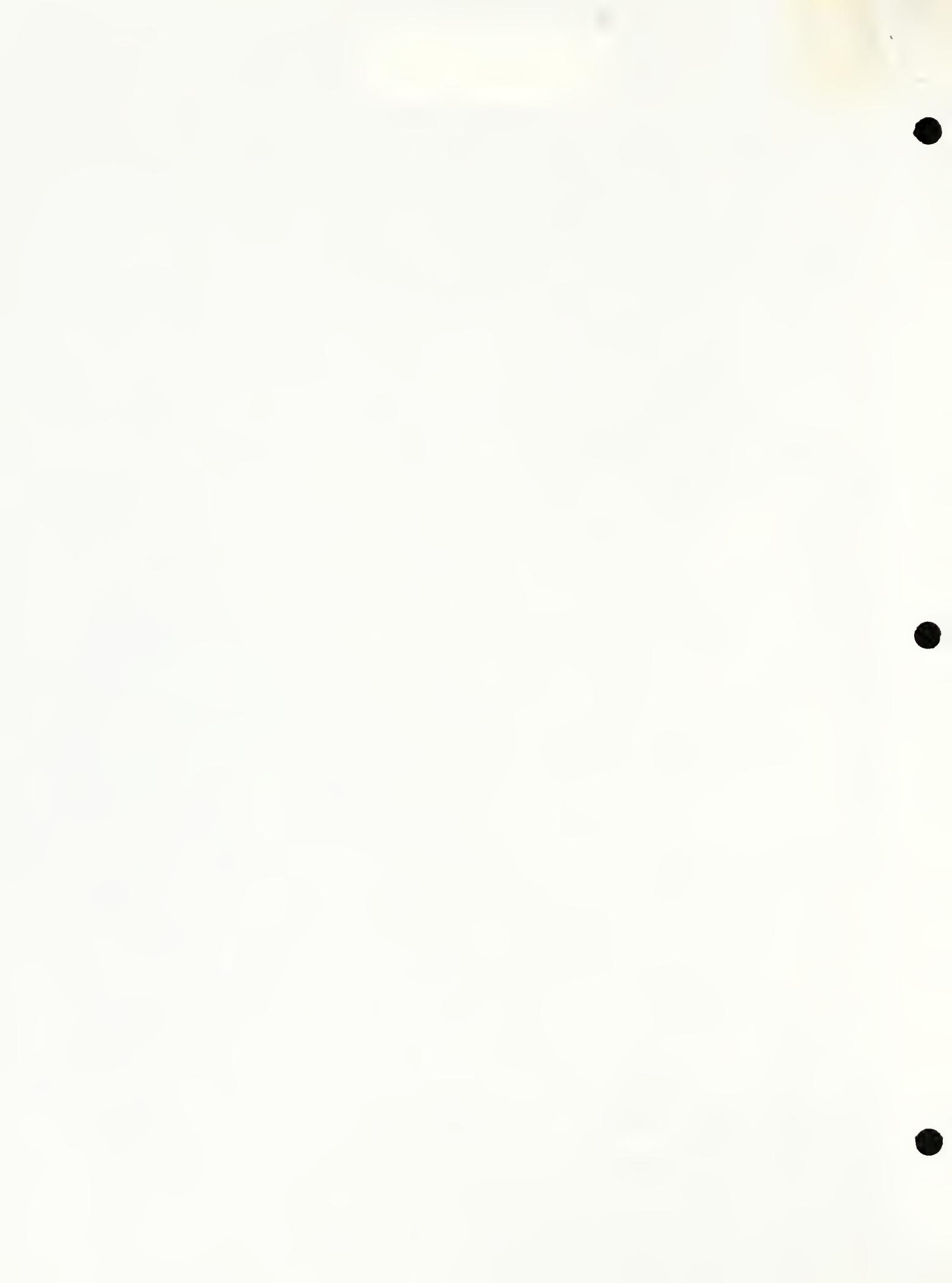
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This is No. 1 of a quarterly employer-oriented news letter. Its purpose will be to keep you informed of economic conditions around the state; the roles of Employment Service-Unemployment Insurance activities in Manpower and Human Resources Development Programs; along with changes, either administrative or legislative, which affect the overall operations of this agency. Although we've been around for more than a third of a century, some people believe we do nothing more than pay claims for unemployment insurance. We hope that the negative connotations of the "unemployment office" will fade in the light of more information on who we are and what we do.

* * *

There were some changes made: On December 14, 1971, the Employment Security Commission was abolished under the Executive Reorganization Act of 1971. We are now the Employment Security Division of the Montana Department of Labor and Industry, with Sidney T. Smith as Labor Commissioner. Fred Barrett heads up the Employment Security Division, which branches off into the Bureau of Employment Service with Jess C. Fletcher as Chief and the Bureau of Unemployment Insurance with Donald R. Merritt as Chief. Attached to the Employment Security Division for administrative purposes only is a newly appointed Board of Labor Appeals. This appellate board takes over the quasi-judicial appeal duties of the former three member Employment Security Commission. Operations, duties, and responsibilities have not changed with the appeals process remaining exactly as before. Members of the newly created Board are Chairman Douglas R. Hansen, Missoula; James W. Murry,



Helena; and Fred A. Johnston, Great Falls.

* * *

The long unemployment line should soon start to retract as the spring work season begins. Contrary to national predictions, we do not expect 1972 to be a vintage employment year, but expect some improvement over 1971. Start of work on the ABM Missile Complex will help. In 1971, Montana's unemployment rate of 6.9 per cent was tenth highest in the nation. This January and February, unemployment rates were 9.3 and 8.9 per cent respectively, reflecting the seasonal nature of Montana's economy. An average of 25,000 workers were without jobs these months with about half this number filing for unemployment insurance benefits.

Speaking of unemployment insurance, two new Temporary Unemployment Insurance Programs are tiding over unemployed workers whose benefits were exhausted under regular programs. The first, the Extended Benefit Program triggered on nationally, January 2, 1972, due to the high unemployment rate. Benefits are paid to claim exhaustees at the same weekly rate as their last regular benefit payment. These continue until the claimant has found a job or received Extended Benefits equal to 50 per cent of the total amount of his regular exhausted claim. It is financed 50-50 by Federal and State Governments from employer payroll taxes. The second, Temporary Emergency Compensation, pays claims for weeks of unemployment after February 19, 1972, for those unemployed who have no further benefits available under the Regular or Extended Benefit Programs. This program is financed 100 per cent by the Federal Government. Claim payments under all programs pumped \$4.7 million into Montana's winter economy from January 1, 1972, through March 10, 1972. These were high velocity dollars which went immediately into trade and service channels to pay for goods and services.

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Nearly one-third, or 18, of Montana's 56 counties are classified as areas of substantial or persistent unemployment. In the persistent category are Silver Bow,

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Jefferson, Blaine, Glacier, Valley, Pavalli, Big Horn, Hill, Lewis and Clark, Flathead, Park, Granite, Carbon, Musselshell, Madison, Mineral, and Meagher. Stillwater County is in the substantial unemployment group. Areas of persistent unemployment are potentially eligible for all types of assistance under the Public Works and Economic Development Act. Nationwide, 875 areas bear either substantial or persistent unemployment labels.

* * *

MDTA celebrated it's Tenth Anniversary on March 15th. That's the Manpower Development and Training Act of 1962, which helped more than 6,300 Montanans get a new start with training and jobs. Training first started in November, 1962, at Billings with 24 enrollments in a stenographer class. Close behind were classes to train welders and heavy duty mechanics at Butte. In the ten year span, training expanded to include nearly 100 different occupations relevant to local labor markets. Eighty per cent of the trainees were placed in training related jobs when courses were completed. Currently, 360 persons are enrolled in training programs, with another 200 expected by July of this year.

* * *

There are now 194 new insured employers as a result of 1971 legislative action. These include hospitals, non-profit organizations previously exempt, federal credit unions, three state hospitals and five university system units.

* * *

Unemployment Compensation is not the same as Workmen's Compensation. We get many letters and contribution reports from employers which should rightly go to the Workmen's Compensation Division of the Deparrment of Labor and Industry. They, in turn, forward our mail received by them. Employer reports and mail intended for our agency should be addressed to the Employment Security Division. P.O. Box 1728, Helena, Montana 59601.

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Employer tax rates for 1972 were mailed to all insured employers on March 3rd. The number to call in Helena if you have any question about a rate change is 449-3108.

* * *

Employers with Government contracts of more than \$10,000 which will generate more than 400 man-days of work within the contractor's organization must list job openings with the Montana State Employment Service. Most position vacancies, whether hourly or salaried, must be listed with the nearest State Employment Service Office according to the President's Executive Order No. 11598. Effective date of the Order was September 24, 1971. Exceptions to the Order include: 1) executive, administrative and professional positions with annual salary of \$18,000 or more; 2) any position filled from a recall or rehire list or filled by upgrading from within; 3) temporary jobs, three days or less. Consult your nearest State Employment Service Office for answers to individual problems and questions.

* * *

More than 44,000 job placements in industry and agriculture highlighted Employment Service activities in 1971. Nearly 27,000 workers were placed on jobs in industry and commerce with 17,269 going to a variety of agricultural jobs. Trade and service firms provided most of the job openings in the industrial sector resulting in 16,000 job placements. Fifty seven thousand applicants registered for jobs during 1971, including 21,689 women and 14,192 veterans.

* * *

DON'T FORGET - HIRE THE VET.

* * *

More than 5,000 unemployed veterans are registered for work with the 23 local Employment Offices throughout the state. The unemployment rate for veterans is higher than that for the general population. A nationwide Job Campaign for veterans, Job Fairs, employer contacts, and other promotional activities have opened the way to some jobs. We must do more - won't you help?

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Jess C. Fletcher, Chief of
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A Quarterly Review of Employment Service-Unemployment Insurance

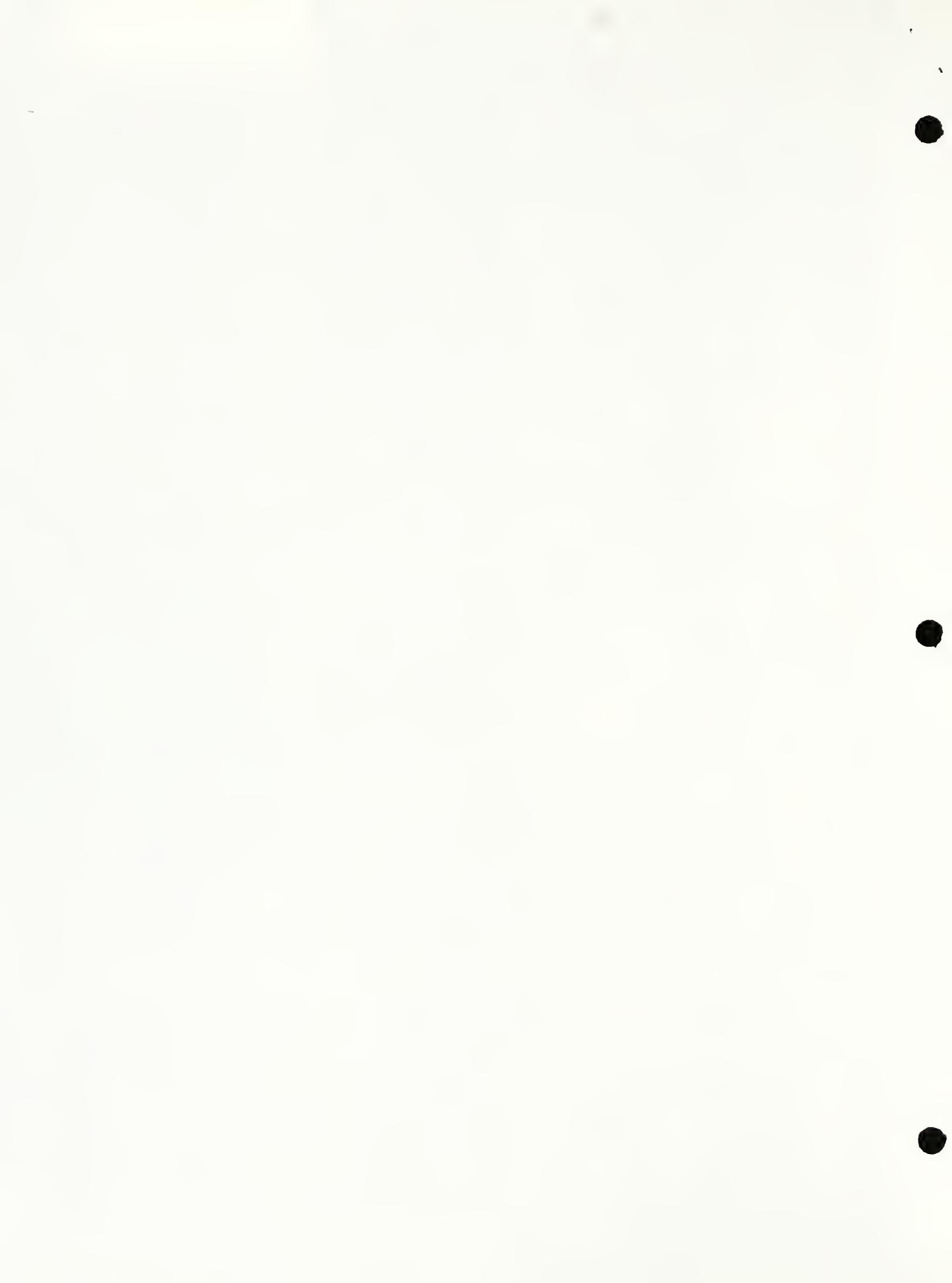
Vol. 1, No. 2

September, 1972

1972 SHAPES UP as a year of good employment growth coupled with a high unemployment rate which refuses to release its tenacious grip on the state's economy even during the historically good employment months. For example, total employment was estimated at 295,500 during August this year. This total included 249,500 workers on industrial payrolls with another 46,000 persons employed in a variety of agricultural activities. A net gain of 5,200 was recorded over August, 1971. There were 21,000 people without jobs. The three figures representing employment in industry and agriculture, and the unemployed added up to a state civilian work force of 316,500. While job totals continued to push toward seasonal highs for this year, the employment expansion did little to relieve the high incidence of unemployment. The unemployment rate this August was 6.6 per cent compared with 6 per cent in August, 1971. The average unemployment rate for all of 1971 was 7 per cent matched against a 6.6 per cent rate for 1970. The strange paradox of the odd couple of high employment and high joblessness walking hand in hand on the economic scene will remain as long as the state's labor force continues to grow faster than the ability of industry to generate new job opportunities.

* * *

A PACKAGE OF THREE economic reversals hit almost simultaneously at mid year to cloud the employment picture. The sudden and unexpected shutdown of work at the ABM missile complex stranded 1,300 workers. Anaconda's announcement that zinc operations at the Great Falls smelter would end affected 600 workers. Sale of Anaconda's Forest Products mill at Bonner and subsequent closure left 650 hourly



employees and 120 salaried workers pondering their job future.

AFTER THE INITIAL SHOCK passed, the reality of the situation came into sharper focus and planning began to help relocate idled workers to other jobs and provide other manpower assistance. The Employment Security Division pressed its Labor Mobility Program into high gear and several weeks after the ABM closure some workers were relocated to jobs in other areas. Through August of this year, 517 workers and their families were moved to other jobs in Montana and 25 other states. Sixty per cent of the job resettlements were in Montana. The majority who left the state were placed in jobs in Washington, California, Colorado, Oregon and Wyoming. The Bonner Mill situation took a turn for the better in late August with word that operations would be reactivated and 400 men would be back on jobs within six weeks. Idled smelter workers are in a different situation for there is no one particular place where they could all be re-employed. Some have been transferred to Butte mining jobs while others turned to other industries in search of job opportunities.

* * *

ECONOMIC SETBACKS THIS YEAR did not affect job placement activities of the 23 local employment offices throughout the state. In fact, industrial job placements this fiscal year (July 1, 1971, through June 30, 1972) were 12.3 per cent above fiscal 1971. A total of 29,951 placements in the industrial sector this fiscal year compares with 26, 676 in fiscal 1971. In addition, 13,958 agricultural placements were recorded in fiscal 1972 bringing the total job placement figure to 43,909.

EMPLOYERS CAN WIN tax credit for hiring people on welfare family assistance. The new Federal law allows employers to claim "a job development tax credit" for hiring workers placed in employment through the Work Incentive Program (WIN). WIN Program enrollees are persons receiving Aid to Families with Dependent Children (AFDC). The credit amounts to 20 per cent of the cash wages paid to an eligible welfare employee during the first twelve months of employment. If, for example, his wages for the year were \$5,000, the employer gets a \$1,000 tax credit. If 25 eligible

enrollees are hired at the \$5,000 annual wage, the tax credit amounts to \$25,000, the ceiling for any one tax year. But the new law has carryover and carryback provisions (similar to the investment tax procedure) that allows the employer to transfer unused credit to other years. Any business establishment is eligible to hire WIN participants for tax credit provided only that the firm involved has not moved within the past two years leaving unemployed workers behind. It is also required that the employee work 12 months before the tax credit can be claimed. The 12 months need not be consecutive, but they must be within two years of the time when the individual is hired. All provisions of applicable laws relating to wages, health, safety, work hours, and workmen's compensation are binding. Administrative procedures and other qualifications for employer participation in this program are available at any local employment office or the state office of the Employment Security Division in Helena. The WIN Program is operating in all states plus Washington, D.C., Guam, Virgin Islands and Puerto Rico. At the end of July, 1972, Montana had 603 persons enrolled in the WIN program

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\$13.2 MILLION WAS PAID in state, federal and temporary unemployment insurance benefits to eligible, unemployed workers during fiscal 1972. The amount chargeable against the state's Employment Security Trust Fund was near the \$10.6 million mark and exceeded employer contributions to the fund by nearly \$3.2 million. On June 30, 1972, when the fiscal year ended, this fund, from which only state unemployment insurance benefits are paid, was slightly over \$22 million. This was down \$2 million from the balance at the end of fiscal 1971.

* * *

WHO IS JUDITH JAVA and what is she doing in Montana? A California unemployment insurance claimant, Mrs. Java's claim for benefits started a chain of events which wound up in the U.S. Supreme Court and changed unemployment insurance administrative procedures in all states. Prior to the May 1971 decision of the high court Montana

, withheld benefit payments to a claimant when eligibility was questioned by an employer appeal. The Court upset this philosophy, ruling in effect that benefits to a claimant cannot be denied during the appeal process if a favorable decision was made at the original source - the initial determination by an agency claim examiner. Benefits could continue up to that point in time in the appeal process when the initial decision is reversed. The burden is upon the employer to provide prompt and accurate work separation information when he receives a notice of claim filed.

* * *

DECIMAL POINTS ARE IMPORTANT when it comes to computing tax contributions due on employee wages. Over the years some employers remitted overpayment of taxes on quarterly wages while others underpaid. All because the decimal point of the percentage rate was improperly placed when the tax total was calculated. A 1971 audit of employer tax records by a commercial accounting firm recommended that the system be changed from a percentage to a decimal system. For example, the rate formerly listed as 3.1% is now shown as .031 on the employer's quarterly report forms. The new system caused a few problems for some employers on the first quarter reports this year, but it will eventually reduce employer tax errors to a minimum.

* * *

EMPLOYERS MAY LEARN MORE about the Unemployment Insurance Program, especially if they have high school students in the household. Starting with the fall 1972 semester secondary school students will obtain accurate information about the Unemployment Insurance Program as part of their social studies. A major long-range enterprise designed to improve public knowledge of the Unemployment Insurance Program and its usefulness to the unemployed worker, the program is now starting in the Helena and Missoula School Districts.. Later it will be expanded to include other major areas. The National Council for Social Studies enthusiastically endorsed inclusion of the UI Program in social studies curriculum and made recommendations for its presentation. The educational material is complimentary to the school districts.

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Fred Barrett, Administrator

Jess C. Fletcher, Chief of
Employment Service

Donald R. Merritt, Chief of
Unemployment Insurance

A Quarterly Review of Employment Service-Unemployment Insurance

Vol. 1, No. 13

December, 1972

MONTANA IS AT THE BOTTOM of the list nationwide in the maximum weekly benefit amount paid to eligible, unemployed workers who qualify under the state's Unemployment Insurance Law. Our present \$52.00 maximum unemployment insurance check ranks just one step above Mississippi's \$49.00, the lowest of all 50 states. 1971 Legislative action raised the maximum from \$42.00 to \$47.00 effective 7-1-71 and then to its present rate of \$52.00 on 1-1-72. This is but 41.7 per cent of the state's insured weekly wage. In 1939, when unemployment insurance benefit payments first started in Montana, the maximum weekly payment of \$15.00 was approximately 50 per cent of the claimant's weekly wage. . . . and 66.5 per cent of the claimants that year received weekly checks representative of that percentage. Montana was then among the first 15 states in maximum weekly payments. Instead of keeping up with social changes of the times, we've gone backward to 49th place over the years.

* * *

UPGRADING MONTANA'S UI LAW and shaping recommendations for change to the 1973 Legislature were among topics under discussion by the 15 member State Advisory Council to the Employment Security Division which met with administrative personnel on November 29, 1972. A major legislative proposal presented to the Council would increase the maximum weekly benefit amount to \$62.00 without increased employer taxes or strain on the Employment Security Trust Fund. This would be 49.8 per cent of the present average weekly wage and far short of the 66 2/3 per cent recommended by President Nixon in a message to Congress. Current maximum weekly benefit amounts in some neighboring states include Idaho, \$68; Wyoming, \$63; North Dakota, \$62; and Utah, \$81.

Statistical projections indicate that a \$62.00 maximum weekly unemployment check will not place the Employment Security Trust Fund in jeopardy or result in higher tax rates. This bulwark against unemployment held firm this year despite unusually heavy pressure against it because of economic reversals caused by cancellation of the ABM missile contract, closure of Anaconda Company's zinc plant operations, and some downturn in the lumber industry at Missoula. The Fund weathered these economic storms while keeping at the \$24.5 million mark.

Although Montana ranks 49th nationally in the maximum weekly unemployment insurance payment, it stands in 36th place in per capita personal income. Twenty-five states now figure a claimant's maximum weekly benefit amount in percentages ranging from 50 to 66 2/3 of the average weekly wage. This is a trend gaining momentum for it is generally felt that if the states do not act on their own, federal standards will be imposed to align maximum benefit payments at a higher ratio of the average weekly wage. In this event, all states would have to comply with the federal mandate or be declared out of conformity with Federal Law.

The Advisory Council membership, five each from labor, management, and the general public, will next meet on December 21st to finalize their recommendations for Legislative attention.

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MORE THAN 918.3 MILLION in wages was paid to workers insured under Montana's Unemployment Insurance Law during the fiscal year 1972 (July 1, 1971, through June 30, 1972). That's \$112.4 million more than was paid in fiscal 1971, but an estimated \$25 million of this over-the-year increment is the result of 1971 federally mandated legislative changes which brought 367 new employers under coverage, along with 10,100 more insured workers on January 1, 1972. Most of the new employers and workers are in the service and finance groups including hospitals, credit unions, and educational units. Wage totals were up in all major insured industrial groups except mining, where wages dropped by \$3.4 million from fiscal 1971. A complete summary of insured wages, employees, and employers by counties and industries for fiscal 1972 will be available for public distribution early in 1973.

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LOOK FOR MORE JOBS when revenue sharing checks are received by all states this month. Nationally, the General Revenue Sharing Bill signed into law by President Nixon may generate about a half-million jobs per year over the next five years. Experience alone will provide a clear-cut answer on the full extent of job benefits from this program in Montana. From 50 to 80 per cent of state and local government income is spent in employment costs. Since a heavy demand exists for additional municipal, county and state services, heavy use of revenue sharing money for these purposes is anticipated. Provision for more services means more meaningful jobs and not just "make work" employment. Heavily burdened state and local governments will enjoy a measure of financial relief and a greater sense of independence in working their own way out of financial binds.

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SOMETHING NEW IS WIN II which through 1971 Amendments to the Social Security Act shifts the emphasis from training orientation to job placement orientation for Work Incentive Program (WIN) enrollees. These are individuals who, either through economic or compelling personal circumstances, are recipients of public welfare through the Aid to Families with Dependent Children. As many certified participants as possible will be placed directly in available jobs. Others will receive skill training, self support services, and work experience, all in preparation for regular employment. The Federal Revenue Act of 1971 gives added support to this aim by making it good business for employers to hire WIN enrollees. Employers who hire certified WIN participants can claim a first year job development tax credit of 20 per cent on wages paid them. The employees must remain employed a second full year. However, if they quit, become disabled, or are fired for cause the credit can still be claimed. Full details may be obtained from any local Employment Service Office or the State Office of the Employment Security Division in Helena. Currently, there are 635 WIN enrollees and since last July 462 WIN Program participants have been placed in jobs. Most jobs were in the trade and service sectors with others going into clerical, professional and technical employment.

* * *

PEOPLE HELPING PEOPLE is reflected in the following statistical summary of major employment and unemployment insurance accomplishments for fiscal years 1971 and 1972:

MANPOWER SERVICES

	<u>FY 1971-72</u>	<u>FY 1970-71</u>
New Jobseekers Registered	61,965	57,765
Job Placements (Industrial & Agricultural)	43,909	45,772
Jobseekers Tested	12,887	10,886
Training Program Enrollees	1,989	2,443
Counseling Interviews	26,036	17,716
Industrial Employer Visits	20,294	14,406
Industrial Job Openings Obtained	36,986	34,424
Agricultural Employer Visits	5,554	5,245

UNEMPLOYMENT INSURANCE

State Program

Initial Claims - Unemployment Insurance	29,876	25,322
Continued (weekly) Claims Filed	265,413	238,576
Average Weekly Benefit Amount	\$ 43.62	\$ 37.75
Average Number of Weekly Payments	4,506	4,244
Unemployment Insurance Benefits Paid	\$10,221,349	\$8,233,678
Employer Contributions Collected	\$ 7,371,584	\$6,940,690
Appeal Hearings Conducted:		
Lower Authority - Appeals Referee	646	535
Higher Authority - Board of Labor Appeals	39	90

In addition to the state payments, 48,588 federal checks totaling \$2,612,968 were paid in fiscal 1972 to claimants under regular and temporary federal programs. In fiscal 1971, federal unemployment insurance checks added up to \$1,232,586 for 31,282 payments. No temporary federal unemployment insurance programs were in effect during this year.

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A Quarterly Review of Employment Service-Unemployment Insurance
Vol. 1, No. 4

March, 1973

SOME LEGISLATIVE BILLS affecting Montana's unemployment insurance law have been signed by Governor Thomas L. Judge. These relate mainly to clarifying definitions and deleting obsolete language in the law. House Bill No. 214, containing the major change, is now up for the Governor's signature. It would establish the maximum weekly benefit amount at 50 per cent of the average weekly wage in all insured employment. This would approximate \$66 compared with the present maximum of \$52. Effective date of the change would be July 1, 1973, if the bill becomes law. The maximum weekly benefit amount would be computed yearly on or before May 31. The formula would divide total insured wages of the preceding calendar year by the average monthly number of insured workers in the same year. The result would be divided by 52 to determine the average weekly wage. Then, 50 per cent of that figure would be the maximum weekly benefit amount. (Details of all major changes in the Employment Security Law will appear in the June, 1973, issue of this publication.)

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"MANPOWER REPORT OF THE PRESIDENT" transmitted to Congress this month has high praise for manpower and job creation programs of the last decade. Yet by presidential action, time is now running out for many of these efforts to aid veterans, the long term unemployed, and disadvantaged workers. Among the fatalities are two of the most successful programs ever to operate in Montana.

1) The 11-year old Manpower Development and Training (MDTA) program trained 7,000 persons in nearly 100 different labor demand occupations, with 80 per cent of the trainees going on to training related jobs. During the first seven months of the current fiscal year, 660 persons were enrolled, more than 40 per cent of them veterans. Ironically, in March, 1972, the National Administration summoned 750 leaders in the business, manpower and academic fields to Washington, D. C. to commemorate the 10th anniversary of the MDTA effort, and to cite it as a most successful instrument of social change and economic policy.

2) The more recent \$6.4 million Public Employment Program (PEP) provided needed public service jobs in all counties for more than 1,650 workers since September, 1971. Presently there are 700 PEP employees on contracts with 56 counties, 31 state agencies, 84 cities, and 65 school districts. More than half of the jobs are related to law enforcement, education, and public workers and transportation. The average monthly wage for all workers is \$560 a month. Gradual phase-out of this program begins this summer with the end to come on June 30, 1974.

* * *

THERE ARE LIES, damn lies and then there are statistics - so philosophized Mark Twain many years ago. We aren't entirely in agreement with that statement, but we will admit that statistics can sometimes be pretty confusing ... even misleading.

Montana's total unemployment rate for February, 1972, was 9.2 per cent, unchanged from the same month last year. Yet there were 5,300 more workers on payrolls this February than last. An anomaly of this economic situation is that while the unemployment index is high, so is the number of persons with jobs. "Job Total Increases; Unemployment Rate Up" newspaper headlines inform us. In some respects,

both opinions are correct. In February, unemployment declined in several key categories, yet the total number of unemployed hardly changed at all.

The general impression that the basic monthly unemployment figure accurately reflects the unemployment situation is just one of the popular misconceptions which have flourished around this key economic indicator.

The unemployment rate is made up of numerous components and subtleties that make it vulnerable to misinterpretation.

How do we know who is working and who is not? Agency researchers and statisticians, working with the Bureau of Labor Statistics, have the formidable task of providing the answers. The survey of employment and unemployment is consistent every month, dealing with the one week in which the 12th of the month falls.

By federal criteria, a person is considered employed if he performed a minimum of one hour's work for pay during the week, or if he is temporary idle because of illness, or on vacation. A person is also considered employed if he worked more than 15 hours without pay in a family farm or business.

Classified as unemployed are those persons who did not work at all during the sample week, but were available for work and took some specific step to find a job such as registration for work at a local employment office, among others. A person is also listed as unemployed if he has been laid off, or is waiting to begin a new job within 30 days.

In the last analysis, however, a jobless worker who needs work, looks for work, and cannot find it knows that he is unemployed whether or not the government counts him as an unemployment statistic.

Estimating nonagricultural employment follows a set pattern and methodology.

1) The history of nonagricultural employment is considered. Records of upward and downward employment shifts are maintained. Each month past employment history is gauged and judged against current economic trends. The seasonal effects on employment are evaluated and measured. A value is placed on all, and historical trends determined.

2) A direct line of communication is maintained between various large and small firms doing business throughout the state of Montana. Each month a sample of about 1,000 firms report their employment to the Employment Security Division. Each of the firms has an industrial classification code and is grouped accordingly. The industrial groups employment is totaled, then compared and evaluated with the previous month's employment. By measuring the current month's employment against the past month's employment a link-relative is established.

3) After steps one and two are completed, the analyst weighs the facts and determines if the link-relative is reasonable in view of historical trends and current economic news. If so, the link-relative is used to derive an employment estimate for the current month. If the link-relative is not reasonable, does not follow historical trends or current economic news, it may not be applied. The analyst must then determine why it does not. Did one large and prominent firm have an abnormal employment change? Did a new firm enter or depart the industrial scene? Or maybe the weather or some natural disaster affected the tourist and construction industries, etc.

All possible causes must be judged and gauged until the exact reason is determined. The result may be considered an "educated guess", but one that we can be reasonably sure charts each industry's trends.

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A Quarterly Review of Employment Service-Unemployment Insurance
Vol. 1, No. 5

June, 1973

THERE WERE 1.4 MILLION CANDLES on the birthday cake when the Montana State Employment Service celebrated its 40th birthday on June 6, 1973. That's one for each time the Employment Service has placed a person on a job in the past 40 years. In the four decades span it has also registered 1.1 million job applicants, conducted 281,150 counseling interviews, and administered 341,000 general and specific aptitude tests to help job applicants find their rightful place in the world of work.

* * *

THE THRUST OF THE 1960'S directed the attention of a wide array of federal manpower and training programs toward disadvantaged workers who remained outside the mainstream of socio-economic society because of educational or cultural barriers. Since that time, involvement of the Montana State Employment Service in these programs produced these accomplishments:

- 6,980 persons were enrolled in Manpower Development and Training classes.
- 2,880 welfare clients under the Aid to Families with Dependent Children were entered into the Work Incentive Program. (28 employers are now receiving special income tax credits for their hiring of WIN enrollees.)
- 1,900 young men and women improved their chances for employment by enrollment in the Job Corps.
- 2,600 clients of the Concentrated Employment Program received basic education, vocational training, work experience, and supportive service.
- More than 2,000 others were participants in other training or work experience programs.

* * *

700 WORKERS FOUND that the Employment Service labor mobility program was something special last year when they were left stranded without jobs by the abrupt cancellation of the ABM missile contract. They, and their families, were relocated to new homes and new jobs in Montana and other states in short order. In recent years, 1,200 workers were beneficiaries of the labor mobility effort - an early warning system to detect mass layoffs, register affected workers, and find new jobs for them.

* * *

CHALLENGES AND CHANGES lie ahead perhaps even more so than the last 40 years which weathered the Great Depression, three global conflicts, a series of sharp recessions, worker dislocations caused by great changes in agriculture and the rise of automation, and the obsolescence of old skills and emergence of new ones. In this age of "future shock", no one can predict what new problems will arise to challenge, to confuse, and to demand solutions. If the record of the past is any gauge, the Employment Service will be up to the challenge.

* * *

IT'S NOW OFFICIAL that the average weekly wage in insured employment for the calendar year 1972 was \$130.94. This means that the maximum weekly unemployment insurance check on new claims filed after July 1, 1973, will be \$65.00, compared with the present maximum of \$52.00. The increased maximum amount is not retroactive nor does it apply to those claimants currently receiving the \$52.00 maximum on claims filed earlier. One of the major 1973 legislative changes in the Montana Unemployment Compensation law, maximum benefit amounts will be set at one-half of the insured weekly wage rather than a legislated amount. The maximum weekly benefit amount will be computed yearly on or before May 31 of each year, using the average insured weekly wage of the prior calendar year for maximum benefit amount determination. This benefit formula is a step upward to upgrading benefits for eligible unemployed workers, but falls short of federal recommendations that maximum weekly benefit amounts be 66 2/3 per cent of the average weekly wage.

* * *

SOME UNEMPLOYED WORKERS will get a break after July 1 this year when a new formula for determining qualifying base period wages becomes effective. The previous method required total base period wages of 1 1/2 times the calendar quarter in which wages were highest. After July 1, 1973, the new formula requires that total wages of the base period outside the high quarter be 13 times the weekly benefit amount. This will eliminate some inequities of the past where some workers were ineligible for benefits after establishing an exceedingly high quarter wage that could not be sustained for other quarters, and proper recognition was not given to total base period earnings.

* * *

PERSONAL ILLNESS OR INJURY not associated with misconduct, which forces a worker to temporarily leave his job is not a disqualifying factor for unemployment insurance benefits. To qualify, however, the individual must make a valid attempt to safeguard his job during his absence, to recover his job or a related one after the illness or injury is past, and to submit bona fide proof of the illness or injury along with a certification from his doctor.

* * *

PROMPT PAYMENT of unemployment insurance benefits is not only the original intent of the law but also an order of the U.S. Supreme Court. (The Judith Java case was explained in the September, 1972 issue of this newsletter.) It translates into the fact that once a claimant has been determined eligible for unemployment insurance benefits, benefits cannot be stopped or withheld by an employer appeal. Benefits continue unless an appeals decision finally overrules the decision of the claim deputy who made the original determination. It is imperative that employers supply factual worker separation information immediately upon receipt of notice that a claim has been filed. The employer representative supplying the information should have full knowledge of the reasons for the worker's termination.

* * *

THERE IS A MORE EQUITABLE situation for retired workers who remain in the labor market and meet eligibility requirements for unemployment insurance benefits.

After July 1st this year retirees are disqualified if they are "receiving retirement compensation paid in whole or in part from funds furnished by an employing unit, which when prorated on a weekly basis, exceeds the average weekly benefit amount paid during the last fiscal year." Based on a projection that the average weekly benefit amount for Fiscal 1973 will be \$45.25, an eligible retired worker could receive unemployment insurance benefits if his monthly retirement income, exclusive of social security payments, did not exceed \$196.13 per month. Prior to this change in the law by the 43rd Legislative Assembly a retired worker was disqualified if he was entitled to receive retirement compensation in excess of \$100.00 per calendar month paid in whole or part from funds furnished by an employing unit.

* * *

MONTANA BECAME THE 21ST STATE to extend unemployment insurance coverage for all state employees. Coverage for about 8,000 workers will begin on January 1, 1975, and it will be October of that year before an unemployed state employee would be first eligible to claim benefits. Earlier, through federal mandate and 1971 legislative action, approximately 6,000 employees of university system units, state hospitals, federal credit unions, non-profit organizations previously exempt, and hospitals, became covered workers in Montana.

* * *

NON-PROFIT ORGANIZATION OPTIONS to elect to make payments in lieu of unemployment insurance tax contributions was part of a Public Law effective January 1, 1973. Clarifying language was inserted into the Montana law. A group of non-profit organizations may now make a joint election under the terms of the act. Provisions are also available to permit change from the original election after elapse of a two year period.

* * *

A NEW RULE WILL BENEFIT employers when a worker has a short job tenure. This rule on experience rating changes benefit charges from the last employer in excess of three weeks to the last employer in excess of six weeks. It should eliminate chargebacks on temporary workers hired for busy holiday seasons.

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A Quarterly Review of Employment Service-Unemployment Insurance
Vol. 1, No. 6 September, 1973

WE LOOKED BACK on Labor Day saluting working men and women for their contributions to our economy and saw some real gains--

. More workers were on industrial and farm payrolls than ever before. Employment estimates for August had 306,700 workers receiving paychecks. Of this number, 253,700 were on industrial payrolls with 53,000 more employed in agriculture. The total was the highest monthly job figure ever achieved in the state.

. Industrial employers listed 44,622 job openings with the 23 local employment offices throughout the state during fiscal 1973. This was 8,000 more than the prior year.

. Job placements in industry by local employment offices were up 32 per cent over fiscal 1972. A total of 39,000 workers were placed in the industrial sector with 9,951 placed in a variety of agricultural activities.

. There was a new calm on the labor front--the absence of major labor disputes kept the number of working days lost to strikes at a new low.

. Employment gains were matched by the progress forged in meeting the special job and training needs of special groups in our society. Through federal programs, employment and training opportunities for Vietnam Era Veterans, minority group members and women have increased.

. Federally supported manpower programs have been modified to give states and localities the means to meet their manpower needs on the local level.

. More than 2,000 training program enrollees received education and training assistance to help them prepare for and enter the world of work. The majority were in the Work Incentive Program (WIN) and the Concentrated Employment Program (CEP).

. Employers are more aware of hiring older workers who have developed skills and good work habits through years of experience on the job. In fiscal 1973, a total of 10,140 jobseekers over the age of 45 filed new work applications, and 5,838 were placed in industrial and farm jobs.

* * *

THE IMPACT of major economic forces and change on the Employment Security Trust Fund is graphically illustrated in the table on the following page which compares employer tax contributions with unemployment insurance payments made during the history of the program. The Social Security Act of 1935 levied taxes for unemployment insurance on all employers of 8 or more beginning January 1, 1936. But it was not until the 1937 Legislature that Montana passed its Unemployment Compensation Act. Payments to unemployed workers began in July, 1939, and 1940 was the first full year in which unemployment benefits were paid.

* * *

STARTING WITH 1940 and progressing through 1972, this 33 year historical record shows that tax contributions received from employers exceeded benefits paid for 20 years, while benefits paid exceeded employer contributions for 13 years. In 1940, benefit payments were more than \$350,000 above employer contributions for that year. The situation was reversed for the next consecutive 16 years, a period which included World War II and the Korean conflict. Then in the late 1950's through the mid 1960's, a combination of factors including sharp national recessions, automation and technological change plus lengthy strikes in the state's copper mining industry produced a solid 9 year block (1957 - 1965) when benefit payments rose sharply above employer tax contributions. 1958 was the year of the greatest contrast with benefit payments of nearly \$12.9 million exceeding employer contributions by \$9 million. The 7 year span from 1966 through 1972 found employer contributions and insurance payments about even in 1966 and 1967, contributions exceeding payments by over \$800,000 in 1968 and 1969, and a switch back to benefits paid in excess of contributions for the next 3 years, 1970, 1971 and 1972.

* * *

OPERATIONS OF UNEMPLOYMENT COMPENSATION TRUST FUND

*Includes contributions for the first quarter and benefits paid during the first and second quarters of 1973.

IN RETROSPECT, the Unemployment Insurance Program has survived many economic storms and helped carry unemployed workers through involuntary terms of unemployment without undue tax increases on employers who pay the bill. In addition, more than \$174.6 million in unemployment insurance checks have gone into Montana cash registers helping to maintain a stable economy, and keeping a skilled labor force close at hand.

* * *

THE MAXIMUM weekly unemployment insurance check in Montana rose to \$65.00 on eligible new claims filed after July 1, 1973. During July and August, unemployed workers filed 4,391 new claims for benefits. Of this number, 1,126 were eligible for both the maximum weekly benefit amount of \$65.00 and the maximum duration of 26 weeks. A total of 446 others qualified for the \$65.00 weekly benefit check, but for durations of from 13 to 20 weeks.

* * *

MONTANA AND MAINE now tie for 36th place nationwide in the maximum weekly benefit amount. It's a step forward for Montana which ranked 49th last year, just one rung up the ladder from Mississippi's \$49.00, still lowest in the nation. Montana, however, is still behind some neighboring states including Idaho, \$78.00; North Dakota, \$68.00; and Wyoming, \$67.00. The maximum in Utah is \$87.00. The maximum weekly benefit amount is highest in Connecticut with a range of from \$92.00 to \$138.00 including dependents allowances.

* * *

THE WAGE BASE for employer tax contributions is \$4200 in all states except Minnesota with \$4800; Washington with \$5400; Hawaii with \$6500; and Alaska with \$7200. The wage base in Hawaii and North Dakota is flexible since it is computed annually as a percentage of state average wage--90 per cent in Hawaii and 70 per cent in North Dakota.

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A Quarterly Review of Employment Service-Unemployment Insurance
Vol. 1, No. 7 December, 1973

EVERYBODY'S TALKING about the energy crisis but nobody really knows what to do about it. So far, the Montana economy has suffered no sledge hammer blows because of it, but there are some early signs which portend some changes if the crisis worsens. To date, about 200 worker layoffs are attributed directly to electrical and fuel shortages. The majority of these job losses have been in the northwestern part of the state in aluminum production, trailer manufacturing, boat building and in wholesale fuel distribution. These job declines seem small when compared with the ten thousand and more layoffs at single manufacturing plants in the midwestern and eastern states. But they have real significance here where job growth has lagged behind the national average and the normal winter job downturn is creating more new unemployment every week.

* * *

WORKERS MOST LIKELY to suffer job losses if things get worse energy-wise would be in construction, mining, smelting, lumber and the transportation industries. These industries employ 63,000 workers out of a total industrial employment figure of about 246,000. Shortages of diesel fuel and explosives could curtail copper and coal mining activities. The reduction of electrical energy supplies could cut back aluminum and lumber production. Heavy construction would suffer from the lack of motor fuels. Secondary unemployment in the trade and service industries always follows any substantial and long term job decline in the aforementioned industry groups. The shape of things to come is difficult to forecast at present but if current indicators are read correctly there may be troubled times ahead.

* * *



IF AND WHEN the energy crisis develops into unmanageable proportions, what effect will it have on the state's Employment Security Trust Fund from which state unemployment insurance benefits are paid? This fund, now at the \$24 million mark is down \$22 million from the 1956 high of \$46 million. Unemployment insurance checks paid to eligible claimants in the fiscal year 1972 totaled \$11.8 million while employer contributions to the fund and earned interest was \$11 million - a deficit of \$800,000. How long can deficit financing continue before the fund falls and remains below \$18 million continuously for one year, thereby triggering a tax increase? Under normal economic circumstances there is little chance of such happening in the immediate future. But should that time ever come, the language of the Unemployment Compensation Law could be the catalyst behind the fund's dropping to the danger levels before rescue efforts could be established. The fund could see-saw back and forth from the \$18 million figure without maintaining that fixed level continuously for one year. Under this condition, there is no legal reference to look to for assistance.

* * *

10,000 UNEMPLOYMENT INSURANCE CHECKS, or more, totaling \$500,000 per week are expected to be paid when winter joblessness hits its peak this season. The majority of the claimants will have worked in outdoor industries. Other new unemployment will come from the post-holiday slump in trade and service firms along with some energy crisis related job declines. Historically, the first two weeks of January see the largest upswing in new filings for jobless pay. A total of \$3 million in state unemployment insurance checks was written during January and February of 1972. An additional \$458,500 in federal funds was paid to unemployed federal civilian workers and ex-servicemen during the same period.

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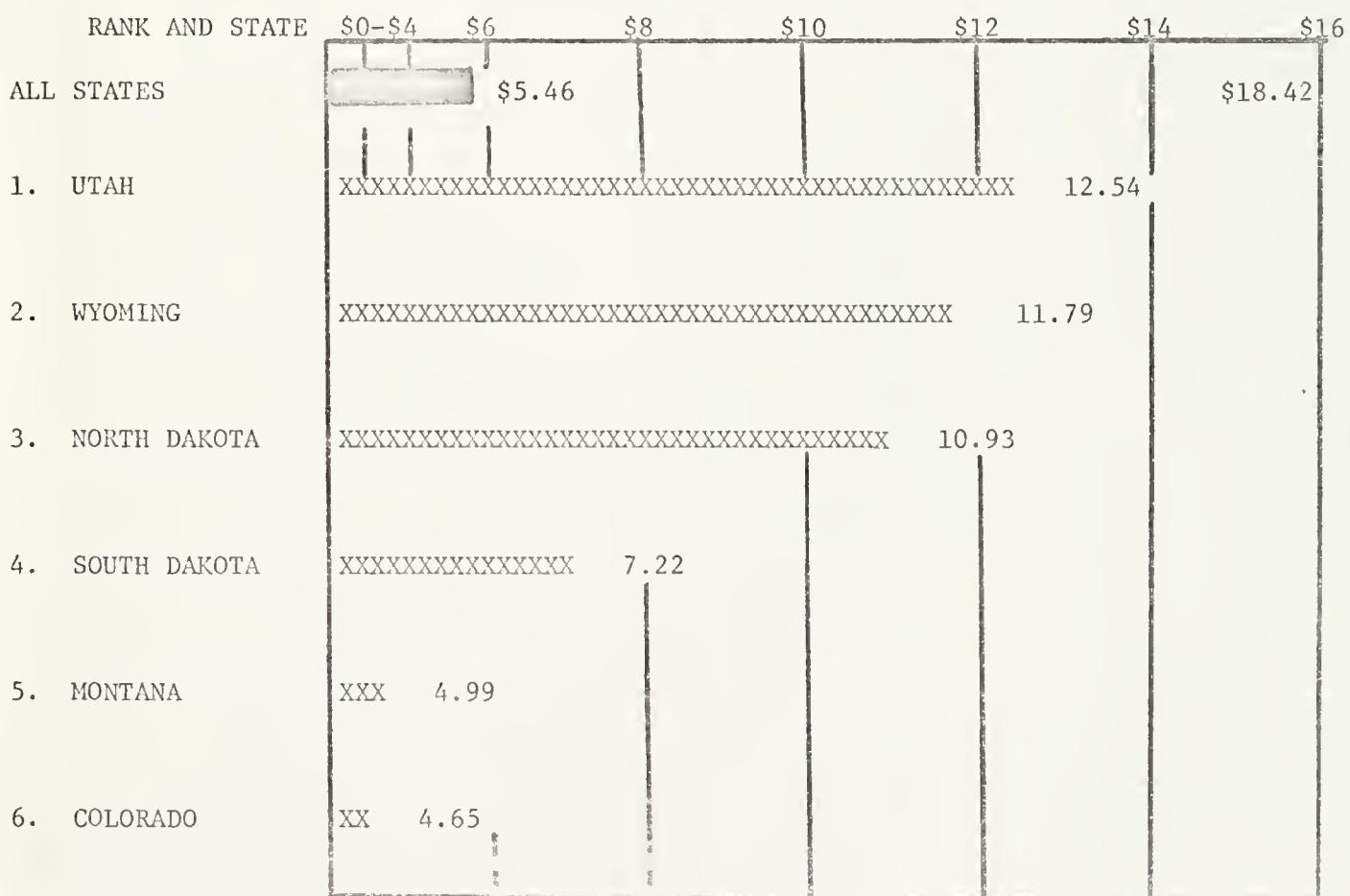
WHEN IS AN INDEPENDENT CONTRACTOR not an independent contractor - that's the question that gets some employers in trouble...especially when they come up with their own definition and it conflicts with the agency version.



Differences of opinion come to light after field audits and investigations by agency personnel. Sometimes the employer's version is operative for some time before it comes to the agency's attention. The unpleasant result is a large amount of back taxes owing along with accrued penalty and interest. Before hiring any individual on a contractual basis, employers should contact the Contributions Section, phone 449-3689, so that a proper determination can be made.

* * *

"BELOW THE NATIONAL AVERAGE" is good news when it applies to per capita costs for public service. And that's what Montana is in per capita Employment Security Administration expenditures for 1972. In addition, we rank second lowest in the six state Department of Labor region. The chart tells the story.



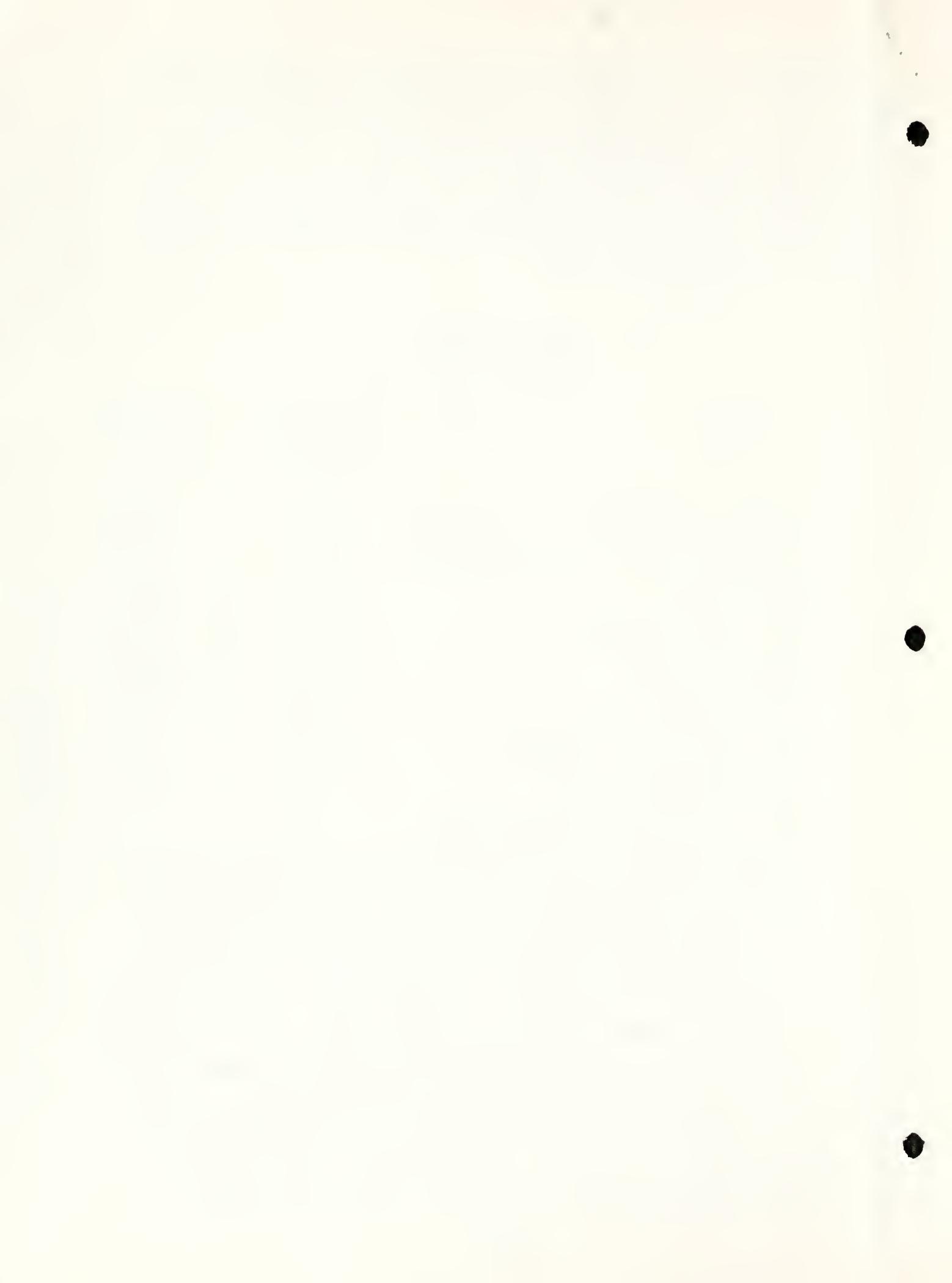


A BUSY YEAR for the Montana State Employment Service is reflected in the following table. Behind the numbers, is the prime purpose of employment service activities - helping workers and jobs get together. Industrial job placements were up 32 per cent from fiscal 1972. Industrial employers listed 44,622 job openings with the 23 local employment offices throughout the state, an increase of 7,600 this fiscal year.

MANPOWER SERVICES

<u>ACTIVITY:</u>	<u>FY 1972-73</u>	<u>FY 1971-72</u>
New Jobseeker Registrants	72,398	61,965
Job Placements (Industrial and Agricultural)	48,881	43,909
Jobseekers Tested	12,848	12,887
Training Program Enrollees	2,033	1,989
Counseling Interviews	37,306	26,036
Industrial Employer Visits	24,735	20,294
Industrial Job Openings Obtained	44,622	36,986
Agricultural Employer Visits	3,976	5,554
Workers Resettled (Labor Mobility Program)	640	37

MORE THAN 1,400 persons are currently enrolled in eight manpower training programs. Nearly half of this number are in the Work Incentive Program (WIN) which requires all employable adults receiving Aid to Families with Dependent Children to register with State employment offices for work or training. Program participants are placed in jobs immediately if they are ready. If not, counseling, training or supportive services prepares them for job placement. Former welfare recipients are now working as accountants, teachers, manager-trainees, bus and truck drivers, among other occupations. The Revenue Act of 1971 authorizes an income tax credit to employers for hiring workers through the WIN program.



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A Quarterly Review of Employment Service-Unemployment Insurance
Vol. 1, No. 8

March, 1974

CETA - acronym for the Comprehensive Employment and Training Act - became federal law on December 28, 1973. With its enactment came the most significant change in the field of manpower programs in more than a decade. The new law replaces the Manpower Development and Training Act (MDTA) of 1962 and the manpower program provisions of the Economic Opportunity Act (EOA) of 1964.

The prime structure of CETA is its provision allowing wide latitude at state and local levels in the delivery of manpower services. Under the umbrella of the MDTA and EOA Acts a sizeable number of categorical programs emerged and were nurtured - each with its own specific method of operation and its own special target group. As programs proliferated, confusion and duplication sometimes crept into the picture. CETA is an attempt to streamline and consolidate these federal programs - and to allow state and local government officials to tailor manpower programs and services to exactly fit the needs of the participants. There will be considerable decentralization of programs with state and local authorities responsible for devising programs to meet community needs.

CETA represents the first "special" revenue sharing proposal. In the recent past, the U.S. Department of Labor operated most of the categorical manpower programs through almost 10,000 direct grants and contracts with public and private project sponsors. Now, the Secretary of Labor will make block grants to about 500 local and state prime sponsors who will plan and operate programs to meet local needs. Nationally, the cost of programs approved by the Act is at the \$1.8 billion mark in fiscal, 1974,

and \$2.06 billion for each of the fiscal years 1975, 1976, and 1977. In addition, at least \$250 million in the current fiscal year and \$350 million in fiscal, 1975 is set aside for state and local public employment programs in areas where unemployment rates reach 6.5 per cent. This part is almost identical to the former Public Employment Program (PEP) implemented here in September, 1971.

The effect of the new system in Montana is yet to be determined for specific federal regulations and guidelines have yet to come. One obvious fact, however, is clear - no unit of local government in Montana can meet the law's requirement of prime sponsor. To qualify, a local government must have a population of 100,000 or more.

Under the qualifications spelled out in the law, it is evident that the responsibility of prime sponsorship will lie in the Governor's office.

Target date for implementation of this new manpower law is July 1, 1974. The Employment Security Division, as the major deliverer of manpower services over the past 40 years, expects major involvement in the program activities as another new era in the manpower field unfolds.

* * *

"THE ENERGY CRISIS" are household words with real meaning in many areas of the nation - mass layoffs in manufacturing, long lines and short tempers at service stations, and shortages of some petroleum by-products. So far, Montana has escaped the effects of this drama being played out daily in the more highly urbanized and industrial centers of the country. In fact, employment in Montana for the first two months of this year was more than 11,000 higher than the comparable months in 1973. At the same time, 1,300 less unemployment insurance checks were paid weekly than a year ago. In recent weeks, only two energy related claims for unemployment insurance benefits have been filed. Less than 100 such claims have been filed since the energy crisis became an economic indicator. The majority of these claims were tied to cutbacks in camper trailer manufacturing. To a lesser degree idled service station and construction workers contributed to the total. At the national level about 250,000 recipients of unemployment insurance payments attributed their job loss to what they believed to be energy-related factors. About one-half of this number were

in Michigan where automobile industry cutbacks have taken a heavy toll of jobs.

* * *

MORE THAN \$1 BILLION in wages was paid to workers insured under Montana's Employment Security Law during the fiscal year 1973. This was up \$127 million from fiscal, 1972. Some of this gain, however, was the result of federal mandate and 1971 legislative action which brought hospitals non-profit organizations previously exempt, and federal credit unions into the insured employer category.

Employment was up in all major industry groups except manufacturing which had a decline of 226 workers. This decline stemmed mainly from the shutdown of zinc operations at the Great Falls smelter. Construction employment, however, was up more than 500 despite the cancellation of the ABM missile project in mid-1972.

There was an average of 18,059 insured employers during the year, up 780 from fiscal, 1972. At the same time average insured employment increased by 14,516 to a total of 152,349.

More than half, 58 per cent, of insured workers were employed by trade and service firms. These workers received \$475.5 million in wages, up \$80.5 million from fiscal, 1972, and accounted for 45.5 per cent of the 1973 wage total.

Wage totals over-the-year increases in other major industries were in this order: Mining (including petroleum and natural gas production), \$54.8 million, up \$11.3 million; Transportation, Communications and Utilities, \$106 million, up \$10.8 million; Manufacturing, \$207.4 million, up \$9.7 million; Contract Construction, \$129.5 million, up \$8.6 million; and Finance, Insurance and Real Estate, \$61.1 million, up \$6.1 million.

Insured yearly earnings ranged from a high of \$10,336 in Mining to a low of \$4,881 in Service industries for an average of \$6,862 for all industries, up \$199 from fiscal, 1972. Average annual earnings in other major industries were: Construction, \$9,878; Transportation, Communications and Utilities, \$8,964; Manufacturing, \$8,660; Finance, Insurance and Real Estate, \$7,004; and Wholesale and Retail Trade, \$5,698.

* * *

SOME EMPLOYERS ARE MISSING a good thing by not taking advantage of on-the-job training programs available through the Montana State Employment Service. The benefits from this program accrue to both employers and workers. Employers acquire tailor made training programs at minimum costs while training workers in skills needed in their firms. At the same time, the employee gains a skill and earns while he learns. Employer qualification for participation is a simple process. There is a minimum of red tape, fast contract approval, little record keeping and local administration. The employer is reimbursed for training costs through a direct contract with the Employment Service which will help write and develop the training proposals. Interested employers can receive details about the mutual benefits of those programs from any one of the 23 local employment offices in the state. At present there are 398 employer contracts with 540 training sites and funding of \$465,676.

* * *

NO SUBSTANTIVE CHANGES are yet evident which would affect the Employment Security Law as a result of 1974 legislative action. The maximum weekly benefit amount is expected to rise from the present \$65 to \$68 on new claims filed after July 1, 1974 - but this is a result of 1973 legislative changes setting the maximum weekly amount at one-half of the average insured weekly wage of the prior calendar year rather than a legislated figure. Claim payment experience from last July when the new formula became effective shows no adverse affect on the Employment Security Trust Fund.

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A Quarterly Review of Employment Service-Unemployment Insurance
Vol. 1, No. 9 June, 1974

MORE THAN 45,000 JOB PLACEMENTS are credited to the 23 local employment offices during the past ten months of the current fiscal year. Industrial job placements added up to 36,632 with agricultural placements totaling 8,699. The total for both the industrial and farm sector was 1,000 more than the same period last year. Occupationally, trade and service accounted 21,672 placements, or 48 per cent of the industrial placement record. Totals for other major industry segments were in this order: Manufacturing, 2,987; Government, 2,920; Construction, 2,772; Mining, 854; and Finance, Insurance and Real Estate, 713. Industrial employers listed 41,605 job openings with employment service offices during the ten month span.

* * *

TRADE AND SERVICE FIRMS were the growth industries in Montana during 1973. These two industrial segments provided 7,200 new jobs for nearly 90 per cent of the 8,100 job gain in the non-agricultural sector during the year. Total employment for these industries at 98,600, was nearly 44 per cent of the non-agricultural employee total. Over-the-year job gains in three other industries were more moderate and in this order: Transportation and Public Utilities, up 600; Finance, Insurance and Real Estate, up 500; and Contract Construction, up 300. The average yearly job total was lower in three industry groups in 1973. These were Manufacturing, down 300; Mining (including natural gas and petroleum production), down 100; and Government, down 100. The non-agricultural employment total for 1973 averaged out at 226,200 compared with 218,100 in 1972. Excluded from the totals are proprietors, the self employed, and domestic workers.

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SEX IS NO LONGER a three letter word in the job market. "Man Wanted" references in newspaper ads, recruitment literature, and in hiring halls are fading into the past. The Civil Rights Act of 1964, which prohibits discrimination in all aspects of employment, now covers State and local governments. This change results from the passage of the Equal Employment Opportunity Act of 1972. The major thrust of EEO guidelines is that sex alone as an occupation qualification should be avoided. In recent court cases involving sex discrimination, awards for back pay and court costs have been extensive. Sex discrimination is costly for another reason - underutilization of women in the work force. Affirmative action plans in government agencies and business firms can open up some job opportunities which were formerly closed to segments of our population. Recent figures show that 85,337 women in Montana have jobs; of this number 56.5 per cent are working wives. Soon there will be a new bureau in the Department of Labor and Industry to help women with their employment problems. The Women's Employment Bureau was created by 1973 law but was not funded until 1974.

* * *

SPELLS OF UNEMPLOYMENT were longer this year for many workers due to the slow start of the spring and summer season and the major labor dispute in the construction industry. In the frame of these circumstances was the natural sequence of a higher total of unemployment insurance payments. State and federal payments from January through May this year added up to over \$9.7 million. Of this total \$8.7 million was chargeable to the State Employment Security Trust Fund. Slightly over \$1 million more in federal funds went to unemployed federal civilian workers and ex-servicemen under two federal programs administered by the Employment Security Division. These payments are not charged to the State Fund.

Of the \$8.7 million in state payments, unemployed Flathead County workers received the largest amount of \$1,031,234. Payments to the unemployed in other major counties during the five month period were in this order: Cascade, \$910,935; Yellowstone, \$858,084; Missoula, \$819,364; Lincoln, \$565,154; Silver Bow, \$510,788; and Lewis and Clark, \$425,703.

The total of state and federal payments from January through May this year was \$2.3 million more than the comparable 1973 period.

* * *

THERE ARE TWO SIDES (sometimes more) to everything - and we have to know them all to make a proper determination of a claim filed by an unemployed worker. Contrary to some frivilous opinion, we do not throw each day's batch of claims into the air and pay those that stick to the ceiling. Each claim gets individual and serious appraisal based on the available facts. If these are not sufficient to make a determination of eligibility, more information is needed. This means that the burden is on both the unemployed worker and the employer to supply factual information promptly in response to the agency's request. Sometimes, a third party gets involved with the recent labor dispute in the construction industry a case in point. Cooperation from union leaders with relevant information on issues and workers directly involved in labor disputes will also help to minimize delays in claim determinations.

* * *

\$68 IS THE NEW maximum weekly unemployment insurance benefit amount - 50 per cent of the average insured weekly wage of \$136.68 for 1973. This is a 5 per cent, or \$3.00, increase over the previous maximum benefit amount. It will apply only to those eligible claimants who file new claims after July 1 this year. The new amount is not retroactive nor does it apply to those claimants now receiving the \$65 maximum based on claims filed earlier. More than one-half of the unemployed workers who had eligible claims from July, 1973 through April, 1974, were eligible for the prior maximum weekly benefit of \$65. During that period a total of 23,038 eligible claims were filed - of that number, 11,945 qualified for the \$65 maximum. A total of 8,338 claimants in this group qualified for both the maximum amount and the maximum duration of 26 weeks. The balance were eligible for periods ranging from 13 to 20 weeks. More than 5,200 workers who filed claims during the past ten months were ineligible due to insufficient wage credits for qualification.

* * *

THE U.S. DEPARTMENT OF LABOR has asked us to supply statistics needed in hearings on labor legislation. A random selection of employers will receive letters next month requesting data on weeks of work by those workers who filed for unemployment insurance benefits in 1973. The survey will involve only 10 per cent of all insured employers with 1,500 claimants in the sample.

* * *

LONG RANGE PROJECTIONS are now in development as part of a planning process for unemployment insurance operations in Montana. The study would suggest guidelines for incorporation of actuarial features affecting benefits and benefit financing. Current trends indicate a possible trust fund deficiency in 1976 which could trigger higher tax rates for most employers. A program based on indices which measures rates of change - rather than one based on fixed dollar values - is part of a plan for avoiding drastic catch-up measures in the future.

* * *

A FACT OF LIFE in economics is the periodic increase in minimum wages. The new minimum wage law went into effect May 1st bringing pay raises to more than four million of the nation's lowest paid workers. The new wage is a basic measure of progress and the value it places on citizens at the bottom of the economic ladder. Starting with \$2.00 an hour this year, the rate progresses to \$2.10 hourly on January 1, 1975 and to \$2.30 beginning January 1, 1976.

* * *

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A Quarterly Review of Employment Service-Unemployment Insurance
Vol. 1, No. 10 September, 1974

Governor Judge has proclaimed:

HUMAN RIGHTS WEEK - NOVEMBER 17-23, 1974

... AND IN OBSERVANCE of this occasion a three day conference will be held in Helena, November 18-20, 1974. The conference theme "Human Rights and Individual Dignity: A Practical Solution" will tackle these important and timely topics:

1. Social and economic justice and the legal impact of discrimination.
2. Problems facing women and minorities in employment.
3. Equal employment opportunities - affirmative action planning and Equal Employment Opportunity contract compliance.

RESERVATIONS AND MORE INFORMATION can be obtained by contacting: State Equal Employment Opportunity Coordinator, Capital State, Helena, Montana 59601, Phone 449-3871.

* * *

SOME THINGS TO KNOW ABOUT EEO - (acronym for Equal Employment Opportunity):

- . Equal opportunities for employment and pay for all citizens without regard to race, creed, color, national origin, sex or age are rights guaranteed by both federal and state legislation.
- . Title VII of the Civil Rights Act of 1964, as amended by the EEO Act of 1972, is now binding on:

All private employers of 15 or more workers.
All educational institutions, public and private.
State and local governments.
Labor unions with 15 or more members.
Joint labor-management committees for apprenticeship and training.

. Employers of 15 or more workers should prepare and have on file an affirmative action plan outlining their personnel policies and goals relevant to equal employment opportunities for minority groups and women. This plan is subject to scrutiny by the Compliance Review personnel of the U.S. Department of Labor or other federal or state agencies with proper authority. In addition, court action can be started if discrimination is found.

. Firms holding federal contracts or subcontracts must provide equal opportunity for all workers under Executive Order 11246. Their affirmative action plans must establish goals and timetables for achievement of prompt and full utilization of minorities and women in all segments and levels of the contractor's work force. Failure to comply can debar a firm from future federal contracts.

. Employment service offices will not accept job orders with discriminatory requirements. All applicants using these offices will be registered according to job related factors only - experience, qualifications, skills, interests, etc. The Employment Security Division seriously accepts both the need and the challenge which the various anti-discrimination laws provide. It is in the best interests of the employer and the worker that each person be allowed the freedom to perform in the labor market to the best of his or her abilities and interests.

. On the state level a trio of new bureaus funded by the 1974 Legislature are concerned with human rights issues: the Human Rights Commission, the Equal Employment Opportunity Bureau, and the Women's Bureau. Federally funded state agencies also have Equal Employment Opportunity Representatives on their staffs.

* * *

STATISTICALLY SPEAKING, minorities account for 4.5 per cent of Montana's 1970 population of 694,409 persons. Indians are 3.9 per cent of the total with the balance of 6/10's of 1 per cent mainly Orientals and Blacks. Males and females are nearly equal numbers in the total population with the same representation in the Indian population. 1970 census, civilian work force and employment figures show 7,175 or 2.75% minorities in the civilian work force of 260,649. A total of 5,939

minorities or 2.4 per cent, were in the employment figure of 244,608. Unemployment rates vary among the seven Indian reservations but are generally held to be from 25 to 58 per cent.

* * *

"A MAN'S YEARS SHOULD NOT BE COUNTED, UNTIL HE HAS NOTHING ELSE TO COUNT" -

Ralph Waldo Emerson.

Despite the increasing numbers of the population who live past retirement age, the total of older persons in the work force is declining. Ageism - discrimination against persons and groups solely on the basis of chronological age - is especially acute in the work force. "Old" in the work force means age 45, or sometime even below. There is a tendency in the work society to accept only the latest models - the old models are undesirable and scrapped. Often forgotten is that the older models worked better and were dependable.

The Age Discrimination in Employment Act was passed in 1967 to prevent job discrimination to persons between the ages of 40 to 65. Its purpose is to promote employment of older workers based on ability rather than age, and to help employers and workers find ways of meeting problems arising from the impact of age on employment. The Act extends to employers of 25 or more persons, employment agencies serving covered employers and labor organizations with 25 or more members. It prohibits discrimination in hiring, job retention, compensation and other terms, conditions or privileges of employment. Voluntary compliance with the law is good business practice. If not, court action can be taken by the Department of Labor or by the individual affected. Unemployment figures are often deceptive for they do not include the older workers who have stopped looking for work because of the frustration from continually being turned away. Of 29,418 worker applications in local employment office files during August, 3,902, or 13.3 per cent, were in the 45 to 65 and older age group.

* * *

"MASSIVE MIGRANE" OR "SLIGHT SPASM" are among some of the descriptive phrases

in fashion with private and government economists on the condition of the nation's economic health. Not all are in agreement as to the proper prescription for recovery. But most concede that the national unemployment rate will be at the six per cent mark before present economic trends are turned around. Provoked by some recent problems in the lumber, construction and finance industries, Montana has joined the rest of the nation in seeking solutions to the common problems of high interest rates, tight money, and the downturn in residential building. Montana's unemployment rate at 5.3 per cent this month will be at the 8 per cent mark during the winter months when most outdoor work will be shut down.

* * *

An indicator of the state's economic problems is seen in the fact that more than \$12.6 million in state and federal unemployment checks were paid during the first eight months of this year. This is an increase of \$3.3 million over the same 1973 period. The balance in the State Employment Security Trust Fund keeps near the \$21 million level.

* * *

On September 30, 1974, the 15 member Advisory Council to the Employment Security Division will meet with agency administrative personnel to discuss unemployment insurance trends and to formulate plans of proposals to be presented for legislative action.

* * *

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Fred Barrett, Administrator

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A Quarterly Review of Employment Service-Unemployment Insurance
Vol. 1, No. 11

December, 1974

THE GAMES THAT PEOPLE PLAY with semantics is over. Recession is now the national administration's verbal description of the national economy. With economic indicators sterile, home building and automobile sales down more than 30 per cent, rising unemployment in the supportive industries, rampant inflation and a national unemployment population of more than 6 million the softer words applied earlier to describe the national condition no longer seemed appropriate. And looking ahead, these present economic trends project more new unemployment well into next year according to most economists. A national unemployment rate of at least 7 per cent is anticipated. The economic situation in Montana parallels the national picture and some of the problems here are presented in more detail in other paragraphs of this newsletter. At the peak of the winter jobless season, the state's unemployment rate is expected to be in the 9 to 10 per cent range.

* * *

SUAP AND CIP ARE WAITING in the wings as part of the national prescription to ease some of the economic malaise. A two part proposal under the National Employment Assistance Act, the package includes special unemployment assistance payments and subsidized jobs for experienced workers affected by possible higher unemployment rates next year.

Triggered on when the national unemployment rate averages 6 per cent or more for three months, the plan would:

1. Provide a temporary means of income replacement known as the Special Unemployment Assistance Program (SUAP) for experienced unemployed workers in areas of high unemployment who have exhausted all other unemployment compensation or who are

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not eligible for such compensation; and

2. Initiate a program of employment projects for these same areas, known as the Community Improvement Program (CIP). For CIP, successive increments of funds are authorized if national unemployment averages for three consecutive months these levels: 6 per cent, \$500 million; 6.5 per cent, another \$750 million; and 7 per cent - an additional \$1 billion.

* * *

LOOKING BACK, the economic factors most responsible for higher unemployment levels in Montana this year are as follows:

. The year began with the energy crisis issue which had a minimal effect on job totals in the state. Approximately 400 workers were affected for varying periods of time.

. At mid-year the economy succumbed to the pressures of national fiscal policies and the tight money situation. The lumber and construction industries were the main victims of these national policies. It is now to the point where more than 1,700 lumber industry workers are on indefinite layoff or reduced work weeks. Secondary unemployment in other industries is now developing in the wake of continuing lumber industry layoffs.

. Another economic blow fell in November with the announcement the underground mining operations at Butte would be terminated by the end of this year. An estimated 1,000 workers will be affected. Some of the idled workers will be assigned work in other mining operations there. For others, mining job opportunities in other states are being offered by at least six recruiting teams from Arizona, Colorado, New Mexico, South Dakota, Utah and Wyoming. The impact of the loss of purchasing power and any secondary unemployment on the Butte economy is yet to be assessed. However, in 1959 when 8,500 mining, smelting and lumber industry workers were idle because of strikes, more than 2,000 other industry workers were terminated due to reduced trade and service volume.

* * *

THE UPWARD TREND IN JOBLESS CLAIMS:

		<u>JANUARY-OCTOBER 1974</u>	<u>JANUARY-OCTOBER 1973</u>	<u>NUMERICAL CHANGE FROM 1973</u>	<u>PERCENTAGE CHANGE FROM 1973</u>
STATE UI	No. of Payments:	243,021	208,070	+ \$ 34,951	+ 16.8%
	Amount:	\$12,935,767	\$ 9,511,528	+ \$3,424,239	+ 36.0%
U.C.F.E. *		13,164	11,648	+ \$ 1,516	+ 13.0%
		\$ 734,982	\$ 552,979	+ \$ 182,003	+ 32.9%
UCX	*	13,188	12,757	+ 431	+ 3.4%
		\$ 798,444	\$ 655,451	+ \$ 142,993	+ 21.8%
TOTAL ALL PROGRAMS	No. of Payments:	269,373	232,475	+ 36,898	+ 15.9%
	Amount:	\$14,469,193	\$10,719,958	+ \$3,749,235	+ 35.0%

The statistical table points out substantial increases in both the number of payments and payments under state and federal unemployment insurance programs during the first ten months of this year compared with the same period in 1973.

Total payments, state and federal, averaged 870 more on a weekly basis this year than in 1973.

During the first ten months of this year 23,038 eligible state unemployment insurance claims were filed.

During all of 1973, a total of 19,741 such claims were filed. So, for the first ten months of this year, eligible new claims filed were 3,297 over all of 1973.

A total of 5,810 claimants exhausted their benefits from January through October of this year compared with 6,016 for all of 1974.

* Unemployment Compensation for Federal Employees.

** Unemployment Compensation for Ex-Servicemen.

State and federal unemployment insurance payments totaled more than \$14.4 million during the first ten months of 1974. Of this amount nearly \$13 million was chargeable to the State Employment Security Trust Fund. State and federal unemployment insurance payments will be at or over the \$17 million mark, with the state fund liable for more than \$15 million of this total. It will be the highest yearly amount ever paid to unemployed workers in Montana.

* * *

TROUBLE LOOMS AHEAD for the Montana Employment Security Trust Fund in the wake of the continuing high levels of unemployment and the increasing number of idled workers eligible for benefits. The Fund, at a one time high of \$46.1 million in 1956, currently hovers in the \$21 million range. The Fund level started to drop following a series of sharp national recessions in 1957 and 1958 followed by milder economic downturns in the 1960's along with legislative action which reduced employer tax rates. Some of the larger industrial states were forced to borrow from the U.S. Treasury as benefit payments exceeded fund income. A most recent example is the state of Vermont. In 1969 their fund balance was \$26.5 million. Today they are in the red by some \$3.4 million with the deficit expected to rise to \$5 million by year's end. The warning signs here in Montana are being closely watched by the Employment Security State Advisory Council. They hope to find methods which will stabilize the Fund and avoid major tax increases at a time when employers are least able to assume added tax responsibility.

* * *

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March, 1975

A Quarterly Review of Employment Service-Unemployment Insurance

Vol. 1, No. 12

THE FIRST QUARTER OF 1975 is over, leaving in its wake a parcel of unsolved employment problems and dwindling unemployment insurance reserves. High unemployment, averaging 9.5 percent for the three month period, still holds a firm grip on the labor market at a time when job trends should normally be turning upward. Unemployment insurance payments under four separate programs, including two federally mandated emergency measures, totaled more than \$10 million during the first three months of this year. The payout exceeded \$1 million weekly during March.

The average weekly check for all programs was approximately \$57.00. Unemployed workers today, unlike their counterparts of the depression days of the 1930's, have at least some means of providing their families with the bare necessities of life. Unemployment insurance payments go immediately into the cash registers of Montana business firms helping to stabilize the economy and preventing more job layoffs.

* * *

WHEN WILL THINGS GET BETTER is the question foremost in the minds of most people. Much will depend on - how soon and how well - the national prescription for recovery takes hold. Upturns in ailing industries, especially construction, manufacturing and mining, will be a slow and gradual process. Job trends should edge upward seasonally in the next few months. It will be some time, however, before the current high unemployment rate is reduced to manageable proportions.

* * *

IF YOU PAY OUT more than you take in, you're in trouble. And that's the present condition of the Employment Security Trust Fund from which unemployment benefits are paid to workers insured under the state law. The Fund balance at a one time high of \$46.1 million in 1956 now stands at the \$13.9 million mark. This is a decline of \$6.2 million from the comparable 1974 period.

* * *

A GRAPHIC ILLUSTRATION of ten years experience (1965-1974) contrasting contributions from employers with benefits paid is shown in the following table.

<u>Calendar Year</u>	<u>Contributions From Employers</u>	<u>Benefits Paid</u>
1965	\$ 5,586,048.38	\$ 6,138,800.20
1966	5,596,456.70	5,320,154.00
1967	5,695,008.10	5,635,130.87
1968	6,019,522.44	5,217,911.81
1969	6,356,451.24	5,446,564.51
1970	6,775,973.00	7,796,179.39
1971	7,021,054.38	8,893,850.65
1972	9,244,521.89	12,035,673.11
1973	10,543,521.28	11,950,152.39
1974	10,853,237.70	15,621,093.22

* * *

WITH BENEFIT PAYMENTS EXCEEDING fund income for six of the past ten years the message is clear: Immediate solutions must be found to keep the fund solvent and to avoid a substantial increase in employer tax rates.

* * *

THE MAIN EFFORT to stabilize the Fund and to change the unemployment insurance tax structure with least burden on employers is anchored in House Bill 461 now before the State Legislature.

The proposed legislation would eliminate the present device of the current Law which triggers a sharp change in employer tax rates when the Fund balance drops below the \$18 million mark and remains below that figure continuously for one year.

* * *

MONTANA IS ONE of but 13 states which use only the trust fund balance for determining employer tax rate adjustments. But Montana is the only state in this group which does not adjust employer tax rates at least annually because of the language in the present Law holding that trust fund balance must remain below the minimum of \$18 million continuously for one year before remedial tax action can be taken. Thirty-eight states use the ratio of the trust fund balance either to total insured wages or benefits paid annually in adjusting tax rates.

* * *

UNDER HOUSE BILL 461 employer tax rates would be determined, not by the trust fund balance, but by a floating rate structure based on the ratio of the average Fund balance to the total insured wages paid. The result would be minor tax rate adjustments each year, either up or down, depending upon economic conditions and the state of the Fund. While modest tax increases would be in order if the proposed legislation is adopted, a major tax increase assigning

all employers to the 3.1 percent tax rate bracket could be avoided. *FY 1975 will end under state law Tax Year 1976 at 3.1% because the base was \$18,000 and the Trust Fund & Total Wages trigger of .99% triggers*
WITHOUT FAVORABLE LEGISLATION ACTION, present trends point to the fact

that the average employer tax rate would rise to two percent, probably in March or April, 1976, then going to the maximum of 3.1 percent the next year.

Enactment of House Bill 461 would result in average tax rates of approximately 1.87 percent of 1975 and a projected 1.94 percent in 1976 and 2.12 percent in 1977. This is not just a one-time deal but looks to the future for the equalization of tax rates and fund stabilization working to the advantage of all employers. It not only provides for a tax rate increase when the Fund is at a low level, but also provides for a reduction in tax rates when the Fund has adequate reserves.

* * *

AN IMPORTANT CHANGE would eliminate the chargeback factor as an item used in determining employer experience rating and substitute the average quarterly payroll declines of the last three years at the third factor in figuring experience rating. Presently, Montana, along with six other states, charges the most recent employer after an employment term of six weeks on the theory that the last employer has the primary responsibility for the unemployment of the worker. The new approach is to relieve the employer of chargebacks for unemployment caused by circumstances beyond his control such as in the times of a recessionary economy.

THE 23 LOCAL EMPLOYMENT OFFICES ARE ON THE FRONT LINES DURING THESE TRYING TIMES MAKING THOUSANDS OF JOB PLACEMENTS MONTHLY AND PROVIDING OTHER VALUABLE SERVICES THAN JUST TAKING UNEMPLOYMENT CLAIMS.

ALL EMPLOYMENT SERVICES ARE WITHOUT FEE TO BOTH WORKERS AND EMPLOYERS.

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A Quarterly Review of Employment Service-Unemployment Insurance
Vol. 1, No. 13 June, 1975

MONTANA CASH REGISTERS rang up a total of more than \$18.5 million in state and federal unemployment insurance checks in the first five months of this year. The effect on the rather sterile economy of the past year is obvious. This money did not stand still but turned over many times in the marketplace as unemployed workers paid for goods and services, preventing more job layoffs.

Of the January through May payout, \$13.9 million was charged against the State Employment Security Trust Fund. Two regular federal programs - unemployment insurance for unemployed federal civilian workers and ex-service-men paid out nearly \$1.4 million to these groups of unemployed workers. An additional \$3.2 million went to claimants of three temporary federal emergency jobless aid programs triggered on this year because of the continuing high unemployment levels. Beneficiaries of these emergency programs are workers who exhausted their full entitlement under the regularly established programs, agricultural workers, domestics and others who previously were outside of unemployment insurance coverage.

Of the five month state payment total, more than \$1.5 million each went to Missoula and Yellowstone counties. Running close seconds were Cascade and Flathead counties with more than \$1.3 million each. Totals for other major counties were in this order: Silver Bow, \$997,882; Lincoln, \$792,995; Gallatin, \$735,854; Lewis and Clark, \$565,360; and Ravalli, \$464,747. Golden Valley county received the least amount of \$4,241.

The state payment total was up \$5.2 million from the comparable 1974 period with adverse effect on the state trust fund. At the same time, there was an increase of \$310,000 in payments under the regular federal programs.

* * *

THE LONG LINES of unemployed workers claiming benefits puts the federal-state unemployment compensation system to the most severe test of its 40-year history. Some states have had to borrow from the federal government to pay unemployment insurance benefits. Since January to April this year, the government has loaned \$491 million. U.S. Dept. of Labor officials estimate that the federal government will have to advance the states from \$850 million to \$2 billion more this year. The special fund which provides this money - the Federal Unemployment Account - has been drained to its lowest level in years - \$53.8 million.

So far seven states - Connecticut, Massachusetts, Michigan, New Jersey, Rhode Island, Vermont and Washington - and Puerto Rico have borrowed federal funds due to depleted state fund reserves. Montana is now one of seven other states which may be forced to borrow later this year because of precariously low state fund balances. The others are Hawaii, Minnesota, Nevada, Maine, Pennsylvania and Oregon. The Montana fund balance reached a high of \$46.1 million in 1956 when only \$3.7 million in benefits was paid and is now at \$10 million with \$13.9 million paid so far this year.

States borrow the money on a no-interest basis but must pay it back within two years or the unemployment compensation tax on employers in the delinquent states is automatically raised.

* * *

1975 LEGISLATIVE AMENDMENTS to Montana's unemployment insurance law

were briefly reviewed in a special edition of this newsletter mailed to all insured employers early in May. The full text of the law is now being printed and copies will be available for distribution to interested parties when the job is done in about two months. It will be in loose leaf form for convenience and saving of printing costs in future legislative years.

* * *

THE LOSS OF MORE THAN 1,300 jobs in statewide public service employment was stayed late in June by federal action - House Joint Resolution 499 making continuing appropriations for the fiscal year 1976. These jobs are in public agencies such as schools, hospitals, libraries, parks and recreation centers, public works, and police and fire departments. In the public service job population are many veterans, handicapped and economically disadvantaged workers. They are paid comparable wages for comparable work performed by regular workers and receive the same fringe benefits. The maximum annual pay exclusive of fringe benefits that can be supported with federal funds is \$10,000. Montana's share of the fiscal 1976 public service job allocation is \$9,099,037.

* * *

A NEW 20 PERCENT TAX CREDIT is available to employers who hire any recipient of Aid to Families with Dependent Children (AFDC) rather than just participants in the Work Incentive (WIN) program, as under the Job Development Tax Credit Act of 1971.

Under the new Tax Reduction Act of 1975, employers can claim dollar-for-dollar credit on their federal income tax amounting to 20 percent of the wages paid persons certified by a state or local welfare agency as having received AFDC payments for 90 days immediately before being hired. This expanded tax credit is on a test basis and expires July 1, 1976. Under the new law, the certified AFDC recipient must remain employed for an eligibility period of "in excess of 30-days on a substantially full-time basis." Under

the WIN tax credit, the 12 month employment period will still apply before an employer is eligible to claim the credit. The amount of credit that may be claimed by an employer during a tax year will be the same for both WIN and AFDC hires. It may not exceed \$25,000 plus half the amount in excess of \$25,000. Detailed information on the new tax credit is available at local WIN, Welfare, or Internal Revenue Service offices.

* * *

THREE EQUAL EMPLOYMENT OPPORTUNITY programs in the federal Employment Standards Administration are now welded into one unit known as the Office of Federal Contract Compliance Programs. The individuality of the three affirmative action programs will not be obscured by the merger. These are: 1) Executive Order 11246 prohibiting federal and federally assisted contractors and subcontractors from discriminating in employment because of race, color, religion, sex or national origin. It also requires these employers to take affirmative action to provide equal employment opportunity. 2) A section of the Rehabilitation Act of 1973 pertinent to affirmative action in hiring and promoting qualified physically and mentally handicapped persons and 3) part of the Vietnam Era Veterans' Readjustment Assistance Act of 1974 setting federal contractor affirmative action requirements to hire and promote Vietnam era veterans and all disabled veterans.

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